

Local Government Property Insurance Fund

NEWS AND VIEWS

A Publication for Policyholders

January 2004

Volume 1, Issue 3

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Advisory Committee Seeks Interested Members

By: April Zelinski

The Advisory Committee Mission:

"It is the mission of the Local Government Property Insurance Fund Advisory Committee to maintain an open line of communication with the Local Government Property Insurance Fund as to policyholders' interests and needs; and to provide professional expertise and input to the Local Government Property Insurance Fund Administrator and the Office of the Commissioner of Insurance on behalf of the policyholders."

The Advisory Committee of the LGPIF is seeking interested parties to serve as members. The recently adopted By Laws specify who may serve on the committee which is comprised of 21 representatives of the policyholders of the Fund. The By Laws may be found on the Fund's website. Not all candidates are guaranteed a seat, but anyone may attend a meeting.

If you are interested in serving on the Advisory Committee, or in attending future meetings, please contact the Fund Administrator, April Zelinski, at 1-800-968-3767, or apr0450@asugroup.com.



Important Reminders

By: Sharon Moody

PREMIUM PAYMENTS

Please return your yellow invoice copy with your check to:

**LGPIF
Drawer 976
Milwaukee, WI 53293-0976**

Your account cannot be identified without this copy and therefore, will not be credited.

This lockbox is for payments only. Do not send correspondence to this address.

Electronic Statement of Values

By: Dan Bubolz

The Fund, ASU and American Appraisal have been meeting to discuss this goal. American Appraisal has been able to model an electronic version of an SOV. Don LaFontaine of the City of Oshkosh has volunteered to test the process. He has begun working with it and has found it to be easy to use. In the future, the goal would be to put this on the web for entities to update prior to a specified date for the renewal. An update on this project will be given at the next Advisory Committee meeting.

DID YOU KNOW.... INFORMATION FOR VALUATION POLICYHOLDERS

By: Greg Grunow

The consequences of not reviewing your Statement of Values (SOV) can be harmful to you. Should a claim arise at a location not listed, coverage for that loss may be in jeopardy. The ultimate responsibility for the accuracy of the information does lie with you, the policyholder.

- Coverage for locations unintentionally left off the SOV is provided to you; however at a limit dependent on your total amount of coverage.
- Personal property and vehicles acquired during the course of the policy term do not need to be reported until renewal time.
- Real property, Contractors Equipment and Property in the Open (PIO) **do** need to be reported to be covered.

Most items that are left off SOV listings are PIO. Some examples are fences, signs, and playground equipment. The policy allows coverage up to \$1,000 for PIO items that are not listed on the SOV and within 100 feet of a covered structure. If the item is beyond the 100 foot limit and not listed on the SOV, there is no coverage for the item should a loss be incurred.

No one enjoys paperwork and the Fund attempts to make the renewal process as easy and painless as is practicably possible.

To help us help you make sure that all the coverage you need is being extended to you, you must verify the accuracy of your information on the Statement Of Values. Take the time to make sure that all locations are checked for inclusion of all items you intend to cover.

Why Surge Protectors are Essential

By: Mark Toft – Staples Editor

Each month, the typical business or home experiences several electrical disturbances – from infrequent blackouts to common and barely perceptible power fluctuations. What most people don't realize, however, is that even the slightest electrical blip poses a danger to all programmable appliances, whether the device is a microwave, a computer, or a high-priced server. And if your computer or microwave no longer works after a power surge, it most likely won't be covered by the manufacturer's warranty.

Courtesy of Staples, Inc.



Policy Questions & Answers

By: Sharon Moody

1. Q. When will I receive my renewal packet & Statement Of Values?

- A. ASU will be changing the renewal process effective with the December renewals. Here is the new timeframe:
- ☐ 90 days prior to renewal, you will receive the renewal packet with last year's Statement Of Values and valuation forms
 - ☐ 60 days prior to renewal, you must return your signed, completed Statement Of Values, any valuation forms, and Summary of Insurance Request
 - ☐ Once the Fund receives your Statement Of Values, we will forward it to American Appraisal for processing
 - ☐ Renewal Date – you will receive 2 current copies of your Statement Of Values. One will be attached to your policy; the other one will be a working copy for you to record any changes during the year.

2. Q. How can I lower my premium?

- A. By increasing your deductible. Information will be provided in the renewal packet. Alarm credits are also available with a 5%, 10%, or 15% discount. Forms are also included in the packet.

3. Q. What happens to my renewal information once it is returned to the Fund?

- A. The information is forwarded to American Appraisal. They will provide a current updated Statement Of Values.

4. Q. What happens if I do not return my Statement Of Values?

- A. If the Statement Of Values is not received 60 days prior to renewal, your policy cannot be processed. The Funds practice is to obtain a signed Statement of Values annually. If they are not returned, the Fund is required to notify the State that the policy is not in compliance.

5. Q. Where do I send my renewal information?

- A. The current address is: The ASU Group
Local Government Property Insurance Fund
7633 Ganser Way, Ste 206
Madison, WI 53719
The phone number is: 877-229-0009



6. Q. Can we hire or retain our own appraisal company for Fund insurance purposes?

- A. The Fund uses a contractor, so third party appraisal companies are not used in the Fund's Values. A policy holder can choose to utilize at their own expense a third-party to compare with the State's approved vendor. American Appraisal is the State's approved vendor.

7. Q. Can I adjust the values on my Statement Of Values?

- A. No. American Appraisal has valued and trended the coverage amounts to reflect replacement cost of your property.

8. Q. What if I disagree with the values?

- A. Contact the Fund and we can help determine if there have been changes in square footage, usage, or occupancy codes, as these can all impact your values.

Comments From Surveys

"I appreciate the work done by your staff. The fire was a stressful situation which could have been worsened by an inconsiderate claims processor."

"The increase in cost is difficult to bear in these difficult budget times."

"I have found your company very efficient in meeting the needs of our agency. Thanks!"

"Keeping rates competitive. Responding to people over the summer."

"You are most gracious with phone questions. I appreciate this."

"It would be nice if the renewal forms had a place to indicate the deductible levels to choose from & the opportunity to pick from the list."

Surveys are now available at the OCI Website:

oci.wi.gov.lgpif.htm

Under Forms

Dates to Remember:

Advisory Committee
April 14, 2004
9:30 a.m.

Oversight Committee
April 19, 2004
9:00 a.m.

And the Surveys Say...

By: Tammy Richison

Surveys: a report card to measure our performance for the claims and policy services departments. When you receive a survey, please complete and return it to the State of Wisconsin/OCI, Local Government Property Insurance Fund, P.O. Box 7873, Madison, WI 53707-7873, Fax (608) 264-6220. Your feedback is important to us; it will assist us in improving our process in both departments.

What is the Survey Criteria?

Claims: with an incurred loss greater than \$50,000 and/or open greater than 6 months.

Policy: at renewal and randomly with other services, i.e., endorsements.

Claim Survey: 13 mailed, 11 returned (scale 1-10)

Done On Time	9.5
Done Accurately	9.2
Completely Satisfied	9.0
Professionally Handled	9.4
Assigned Appropriate Expertise	9.4
Service Fits Needs	9.3
Business With Us Easy	9.3

Policy Survey: 490 mailed, 299 returned (scale 1-10)

Done On Time	8.0
Done Accurately	8.5
Completely Satisfied	8.5
Professionally Handled	8.8
Assigned Appropriate Expertise	8.6
Service Fits Needs	8.6
Business With Us Easy	8.6

Financial Report

By: Dave Marchant

While ending surplus decreased for the third consecutive year, due to the rate increases being implemented and lower incurred losses, surplus has actually *increased* during the last two quarters. Direct losses for FY 2003 are higher than in previous years due to the tornado losses in the Fall of 2002. Total direct and net cost ratios have improved from FY 2002 to FY 2003. Please see the following charts for detail.

2004 Premiums – How The Rating Process Works

By: Fred Haring & Dave Marchant

For many Fund insureds, 2003 was the year of the “big” premium increases. So – what’s in store for 2004?

To answer that question, we need to look at the components of an insurance premium.

1. Filed Rating Plans
2. Property Values
3. ISO Rates
4. Loss Experience Credits
5. Deductible Credits

Filed Rating Plans

All insurance companies must file the rates they use with OCI. The Fund has specific rates for contractor’s equipment, motor vehicle comp and collision, and money and securities. For building and contents, the major part of your premiums, the Fund uses the Insurance Service Office (ISO Blanket Average) rates that are calculated by ISO for each insured based on building characteristics and fire protection class. These rates may change from year to year. The Fund’s currently filed rates are approved by OCI for use January 01, 2003 and will not change before July 2004.

The Fund uses the services of an actuary to assist in developing the rates for various coverages the Fund provides. If changes in the Fund’s rates or rating plans are indicated, these changes are then reviewed by the Advisory Committee and must be approved by the Fund Oversight Committee. The rates are then required to be filed with the OCI within thirty days of their intended effective date.

Property Values

If your values go up, your premiums will also increase. New construction and building cost inflation will result in increases. Inflation has been running at 3 - 4% for buildings and contents.

ISO Rates

These rates may change up or down each year because your average building and contents rate is recalculated by ISO.

Loss Experience Credits

Fund policyholder’s that have been with the Fund for a minimum of five years and have building and contents premiums greater than \$2,500 are eligible for a loss experience credit which ranges from 1 to 15 percent. The credit is based on a five year loss ratio, the frequency of losses, the number of risk locations and the largest single risk. The credit is applied to reduce the final building & contents and related coverages rates.

Deductible Credits

Fund insureds may reduce there premiums by selection higher deductibles. The following deductibles are available; \$500, \$1000, \$2,500, \$5000, \$10,000, \$50,000, \$100,000.

So What Does All This Mean For 2004?

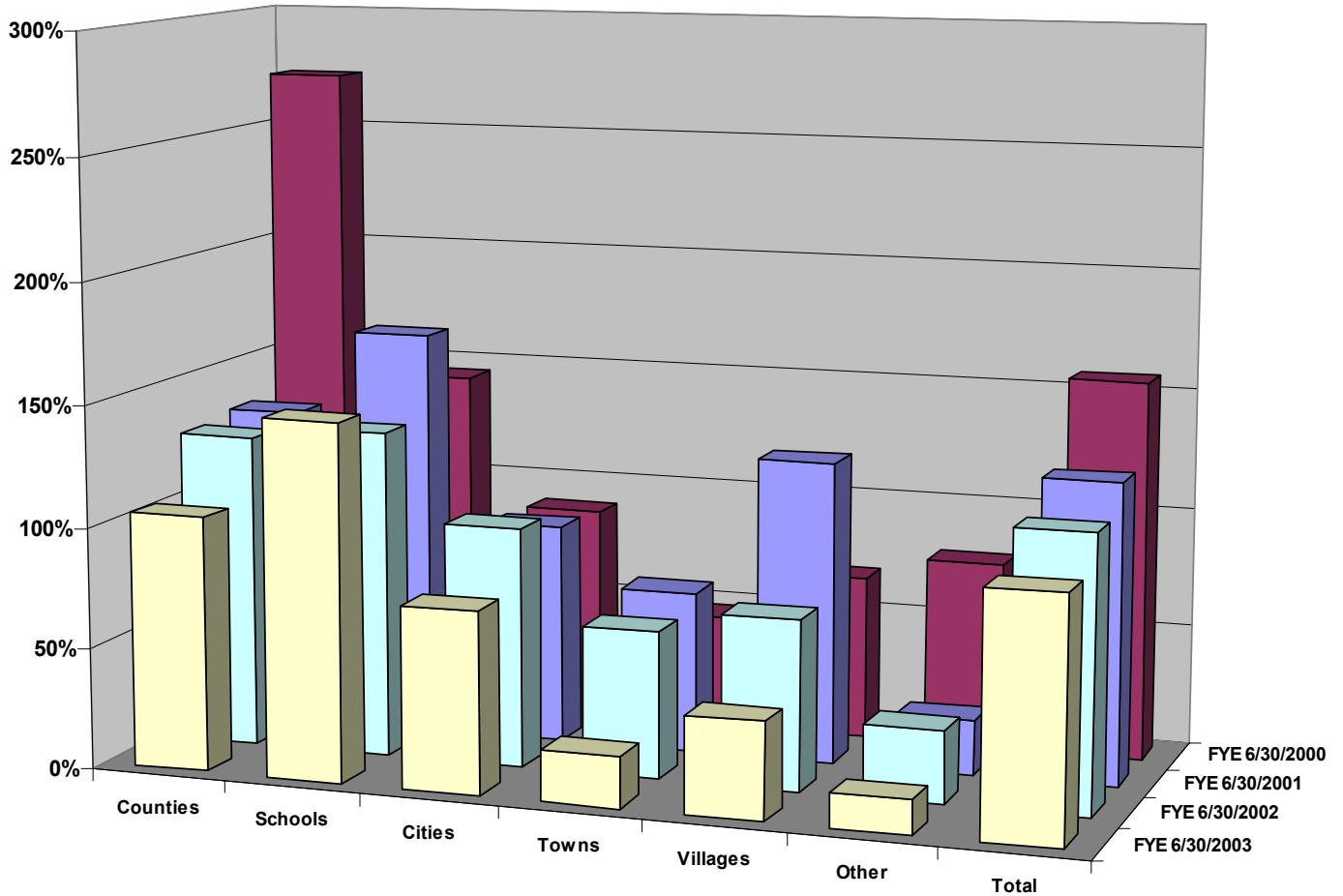
First, your building and contents values normally increase near the inflation rate. This may result in higher premiums by approximately 4%.

Second, if the approved rates are increased or decreased, those changes will not take place until policies begin renewing on or after 7/1/04. You will be given at least 60 days notice of changes.

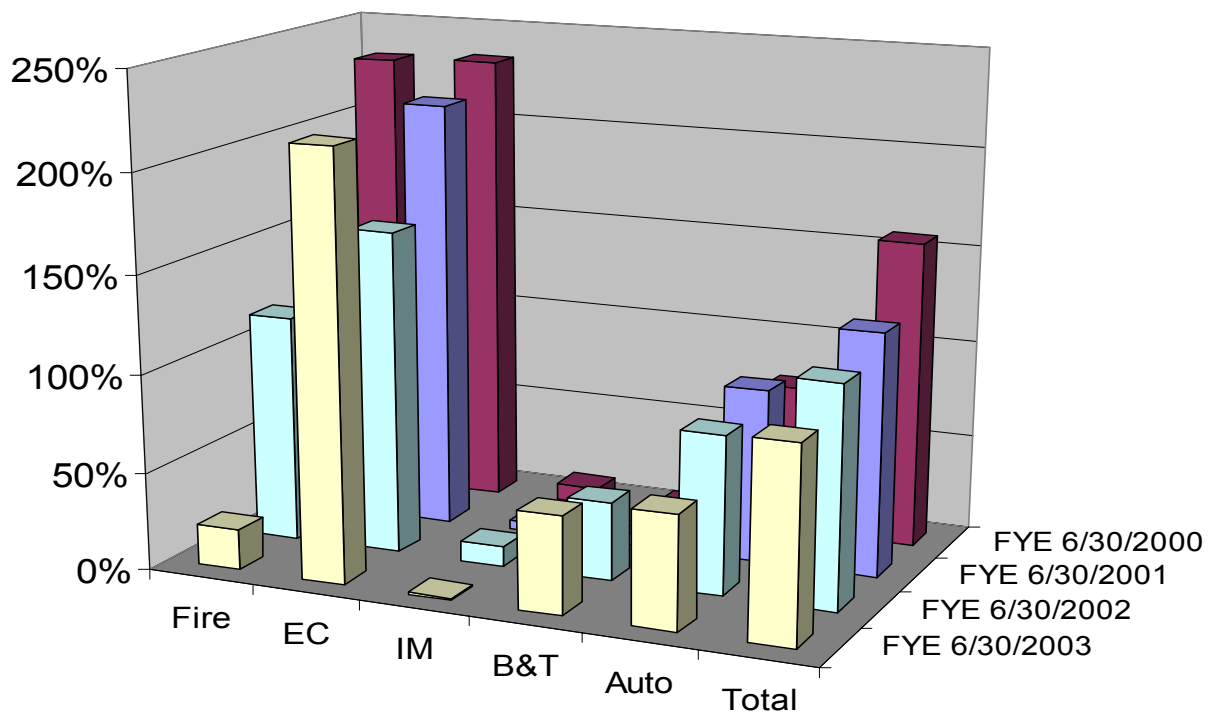
Questions? Please call The ASU Group @ (877) 229-0009.

Local Government Property Insurance Fund						
Premium by Entity & by Line						
Direct Incurred Losses developed Prior Three Years (no IBNR is included)						
Direct Premium Earned by ENTITY	Fiscal year ended June 30,					
	2000	2001	2002	2003	TOTAL	
Counties	3,177,478	3,392,803	3,467,095	4,294,212	14,331,588	28%
Schools	2,918,870	3,260,641	4,375,646	5,889,541	16,444,698	32%
Cities	2,524,595	2,708,334	2,953,754	4,240,879	12,427,562	24%
Towns	501,396	516,872	475,978	553,773	2,048,019	4%
Villages	732,641	815,760	928,755	1,429,460	3,906,616	8%
Other	567,404	568,571	631,662	838,160	2,605,797	5%
Total	10,422,384	11,262,981	12,832,890	17,246,025	51,764,280	
Direct Premium Earned by LINE						
Fire	3,257,098	3,616,520	4,549,487	5,771,338	17,194,443	33%
Extended Coverage	2,955,964	3,406,694	4,296,512	6,453,612	17,112,782	33%
Inland Marine	1,711,630	1,657,360	1,497,885	1,699,065	6,565,940	13%
Burglary&Thef	201,915	332,843	241,554	229,395	1,005,707	2%
EC,IM&BT	4,869,509	5,396,897	6,035,951	8,382,072	24,684,429	48%
Subtotal Non-Auto	8,126,607	9,013,417	10,585,438	14,153,410	41,878,872	81%
Automobile PD	2,295,777	2,249,564	2,247,452	3,092,615	9,885,408	19%
Total	10,422,384	11,262,981	12,832,890	17,246,025	51,764,280	
Direct Losses Incurred by ENTITY						
Counties	8,688,889	4,505,922	4,506,045	4,506,557	22,207,413	36%
Schools	4,217,617	5,507,492	5,904,143	8,654,817	24,284,069	39%
Cities	2,239,539	2,470,066	2,913,097	3,165,127	10,787,829	17%
Towns	237,850	345,565	290,323	118,656	992,394	2%
Villages	497,724	1,019,577	647,338	565,838	2,730,477	4%
Other	444,584	132,607	187,367	119,617	884,175	1%
Total	16,326,203	13,981,229	14,448,313	17,130,612	61,886,357	
Direct Losses Incurred by LINE						
Fire	7,525,768	4,409,500	5,297,975	1,188,997	18,422,240	30%
Extended Coverage	6,892,044	7,465,638	7,087,801	14,020,634	35,466,117	57%
Inland Marine	162,144	80,827	143,328	14,855	401,154	1%
Burglary&Thef	12,308	19,410	97,350	114,855	243,923	0%
EC,IM&BT	7,066,496	7,565,875	7,328,479	14,150,344	36,111,194	58%
Subtotal Non-Auto	14,592,264	11,975,375	12,626,454	15,339,341	54,533,434	88%
Automobile PD	1,733,939	2,005,854	1,821,859	1,791,271	7,352,923	12%
Total	16,326,203	13,981,229	14,448,313	17,130,612	61,886,357	
Claim Count	2,419	2,932				
Direct Losses by Entity to Premium by ENTITY	2000	2001	2002	2003	TOTAL	
Counties	273%	133%	130%	105%	155%	
Schools	144%	169%	135%	147%	148%	
Cities	89%	91%	99%	75%	87%	
Towns	47%	67%	61%	21%	48%	
Villages	68%	125%	70%	40%	70%	
Other	78%	23%	30%	14%	34%	
Total	157%	124%	113%	99%	120%	
Direct Losses by LINE to Premium by LINE	2000	2001	2002	2003	TOTAL	
Fire	231%	122%	116%	21%	107%	
EC	233%	219%	165%	217%	207%	
IM	9%	5%	10%	1%	6%	
B&T	6%	6%	40%	50%	24%	
Auto	76%	89%	81%	58%	74%	
Total	157%	124%	113%	99%	120%	

Loss Ratios By Entity By Year



Loss Ratios By Line By Year



WATCH OUT FOR THE DEER... AT ALL COSTS

By: Tammy Richison & Greg Grunow



Facts & Figures (2002)

Wisconsin drivers had 45,278 deer collisions.
10% of Local Government Property Insurance (LGPIF) claims from 2002 were claims for deer/vehicle accidents (**253** deer/vehicle claims).
Of the 253 claims, 96 occurred between the months of October-December, with losses totaling \$168,385.

LGPIF paid out \$389,113 in deer/vehicle claims for the entire 2002 year.
The largest deer vs. vehicle claim had a total loss incurred of \$24,160.

Driving Tips to Avoid Hitting a Deer

Be especially alert during early morning and evening when deer are feeding
Deliberately look for deer, and if you see them, slow down
Drive at moderate speeds through posted deer areas
Heed deer crossing and speed limit signs, and drive cautiously at all times
Look for more deer to follow when one appears on a roadside
Don't rely on deer whistles or high-beam headlights to deter deer
Stay aware, awake, alert and sober
Wear your seatbelts

For More Information Visit:

<http://www.dot.wisconsin.gov/news/news/2002general/opa-deercrashfall389.htm>
www.iii.org/individuals/auto/lifesaving/deercar/



PHOTOS FOR THOUGHT, ARE YOUR LOSS CONTROL EFFORTS NEEDING SOME ASSISTANCE?

By: Tammy Richison & Ed Kaleefey



"Ok guys, look busy... The boss is here."

No matter how sophisticated your current safety program, it can always be improved. There are several resources available to assist you with the development of your safety program such as National Institute of Occupational Safety and Health ("NIOSH"), National Fire Prevention Association ("NFPA"), and Federal Motor Carrier Safety Regulations Handbook ("FMCSR").

"Where did I park the tractor?"



"Someone throw me another extension cord..."

Local Government Property
Insurance Fund
LGPIF
c/o The ASU Group
7633 Ganser Way, Suite 206
Madison, WI 53719

OCI Fund Website:

Check out the Fund's Website at <http://oci.wi.gov/lgpif.htm>. This Website contains general information about the Fund, its financial reports which are updated quarterly, minutes from the Fund Advisory and Oversight Committees, an electronic copy of the Fund's valuation policy, and an electronic copy of its loss reporting form. If you have comments or suggestions about how this Website could be improved, please send those to Dan Bubolz, Insurance Program Officer, P.O., Box 7873, Madison, WI 53707 or email dan.bubolz@oci.state.wi.us